

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-02 INR-09 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14 STR-08

TAR-02 TRSE-00 PRS-01 SAL-01 OMB-01 NSCE-00 SSO-00

USIE-00 CCO-00 INRE-00 RSR-01 /153 W

----- 071841

O 161114 Z MAR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8406

INFO USMISSION EC BRUSSELS

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PSS STR

USEC PASS AMB. MALMGREN

PASS USDA FOR HALLQUIST

E. O. 11652 N/ A

TAGS: ETRD, FR

SUB: GATT ARTICLE XXIII: 2 ACTION AGAINST FRANCE- LICENSING

REF: (A) PARIS 4730; (B). RAICHT/ HALLQUIST TELECON

SUMMARY: WE HAVE BEGIN DISCUSSIONS WITH DREE ON IMPROVEMENTS IN ADMINISTRATION OF QUOTAS ON FIVE REMAINING AGRICULTURAL PRODUCTS WHICH REMAIN UNDER FRENCH QR' S IN OUR GATT ARTICEL XXIII: 2 ACTION. FRENCH HAVE OFFERED THREE ALTERNATIVEARRANGEMENTS FOR ENTRY THESE PRODUCTS WHICH ARE DESCRIBED BELOW. SINCE ISSUANCE LICENSES FOR 1973 QUOTAS IS IN ABEYANCE PENDING OUR DECISION ON ARRANGEMENTS, QUICKEST POSSIBLE REPLY IS NECESSARY TO ASSURE MINIMAL DAMAGE TO TRADE.

ACTION REQUESTED: DECISION BY USG ON PREFERRED OPTION FOR IMPORTS U. S. AGRICULTURAL PRODUCTS AS SOON AS POSSIBLE. END
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SUMMARY.

1. AS REQUESTED BY AMBASSADOR DURUNG HIS RECENT VISIT TO PARIS, EMBASSY HAS UNDERTAKEN DISCUSSIONS WITH DREE IN EFFORT TO OBTAIN IMPROVEMENTS IN ADMINISTRATION OF FRENCH LICENSING PROCEDURES TO ASSURE THAT THEY ARE NOT USED TO FRUSTRATE INCREASED

QUOTAS ON FIVE AGRICULTURAL PRODUCTS WHICH REMAIN SUBJECT TO QR'S UNDER OUR GATT ARTICLE XXIII:2 ACTION. WE HAVE DRAWN ON GEORGE WHITE (USDA) MEMORANDUM OF MARCH 7 TO AMBASSADOR MALMGREN

(COMMENTING ON FRENCH COMMERCIAL COUNSELOR BOSSON'S LETTER TO WHITE OF MARCH 5) IN MAKING OUR PRESENTATION. WE SAID: (A) USG HAS NO DESIRE BECOME INVOLVED IN DETERMINING FRENCH IMPORTERS TO WHOM LICENSES WILL BE GRANTED; (B) USG PREFERS ANNUAL QUOTAS AND LICENSES; (C) WE WANT FRENCH TO ELIMINATE ALL UNNECESSARY DELAYS IN LICENSING PROCEDURE; AND (D) WE WANT LICENSES TO BE GENERALLY AVAILABLE TO ALL IMPORTERS (TERMINATION OF CAL SYSTEM). WE INDICATED THAT WE CONSIDER LATEST FRENCH OFFER ON THESE QUESTIONS (BOSSON'S LETTER) A STEP BACKWARDS.

2. DREE OFFICIALS WERE SOMEWHAT SURPRISED AT OUR REACTION. THEY SAID THEIR OFFER WAS MADE IN GOOD FAITH EFFORT TO MEET OUR CONCERNS. IN FACT, REASON THEY HAD PROPOSED US CERTIFICATION OF IMPORTERS WAS TO ELIMINATE ANY POSSIBLE SUSPICION THAT FRENCH MINAG OFFICIALS COULD MANIPULATE LICENSE ISSUANCE TO PREVENT FULL USE OF QUOTAS. THEY ARE AGREEABLE TO ANNUAL QUOTAS, IF WE INSIST ON THEM, BUT THEY CANNOT AGREE TO ISSUANCE OF ANNUAL LICENSES SINCE SIX-MONTH TERM IS FIXED FOR ALL IMPORT LICENSES IN DECREE-LAW AND GOF NOT PREPARED MAKE SPECIAL EXCEPTION FOR THIS CASE, ESPECIALLY IN VIEW OF LIMITED TIME PERIOD INVOLVED. THERE ARE, HOWEVER, PREPARED TO DO EVERYTHING POSSIBLE TO ELIMINATE DELAYS IN LICENSE ISSUANCE AND TO TERMINATE CAL SYSTEM.

3. DREE OFFICIALS SAID GOF PREPARED OFFER THREE ALTERNATIVE ARRANGEMENTS FOR IMPORTS THESE FIVE PRODUCTS AND ASKED THAT WE INFORM AS SOON AS POSSIBLE WHICH WE PREFERRED:

OPTION 1 - DESIGNATED ENTRY PORTS - WITH APPROVAL OF FRENCH CUSTOMS (WHICH WILL BE OBTAINED IF USG SELECTS THIS ALTERNATIVE, USG AND GOF COULD AGREE ON TWO OR POSSIBLY THREE PORTS OF ENTRY FOR PRODUCTS UNDER RESTRICTION. PRODUCTS WOULD ENTER THESE PORTS ON FIRST COME, FIRST SERVED BASIS UNTIL ANNUAL LIMITED OFFICIAL USE

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QUOTAS ARE USED UP, AT WHICH POINT IMPORTS WOULD TERMINATE. NO
REPEAT NO LICENSE WOULD BE REQUIRED. COMMENT: MAIN ADVANTAGE
THIS OPTION IS COMPLETE ELIMINATION OF LICENSING PROCEDURES
AND ASSURANCE THAT THEY COULD NOT BE USED TO FRUSTRATE FULL USE
OF QUOTAS IF MARKET CONDITIONS WILL PERMIT SALES OF U. S. PRODUCTS
AT QUOTA LEVEL. PRIMARY DISADVANTAGE IS UNCERTAINTY CREATED
FOR TRADE IN ABSENCE OF ADEQUATE SYSTEM FOR EXCHANGE OF INFORM-
TION BETWEEN IMPORTERS AND EXPORTERS, PARTICULARLY IN LATTER
PART OF YEAR
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INFO OCT-01 EUR-25 ADP-00 SSO-00 NSCE-00 USIE-00 CCO-00

INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

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UNDER THESE CONDITIONS, EMBASSY CONSIDERS THIS LEAST DESIRABLE
ALTERNATIVE).

OPTION 3 - ANNUAL OR SEMI- ANNUAL QUOTAS WITH ISSUANCE OF
SIX- MONTH LICENSES ISSUED ON BASIS OF " SIMULTANEOUS EXAMINATION"
OF APPLICATIONS. THIS SYSTEM, WITH IMPROVEMENTS, IS ESSENTIALLY
THE SAME AS THAT CURRENTLY IF EFFECT. DREE HAS ALREADY PREPARED
NOTICE TO IMPORTERS ALONG THESE LINES WITH CHANGES DESIGNED
TO TAKE INTO ACCOUNT VARIOUS USG CONCERNS EXPRESSED IN WASHINGTON
DURING RECENT DISCUSSIONS THIS PROBLEM. NOTICE PROVIDES FOR
ANNUAL QUOTA IN 1973 (ASSUMING LICENSES ISSUED BY FIRST WEEK IN
MAY, THEY WILL BE VALID UNTIL EARLY NOVEMBER -- OR EARLY
DECEMBER WITH ONE MONTH EXTENSION WHICH VIRTUALLY AUTOMATIC UPON
APPLICATION BY IMPORTER TO FRENCH CUSTOMS); IT REQUIRES APPLI-
CANTS FOR LICENSES TO PROVIDE PROOF OF IMPORTS ACTUALLY MADE
UNDER 1972 LICENSES; IT ENDS THE CAL SYSTEM; IT EXTENDS THE

VALIDITY OF PRUNE LICENSES TO SIX MONTHS FROM DATE OF DELIVERY.
ANNUAL QUOTA FOR 1973 BASED SOLELY ON FACT THAT LICENSES HAVE
ALREADY BEEN DELAYED FOR SOME TIME THIS YEAR. FOR 1974, DREE
PROPOSES SIX MONTH QUOTA WITH GUARANTY THAT LICENSES VALID FOR SIX
MONTHS WILL BE ISSUED NO LATER THAN JANUARY 15 AND JULY 15.
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(COMMENT: DREE CLAIMS THAT THIS SYSTEM IS MOST EQUITABLE OF
THREE AND PROVIDES BEST ASSURANCE THAT LICENSES WILL ACTUALLY
BE USED, SINCE REQUIREMENT FOR PROOF OF USE ENABLES TECHNICAL
COMMITTEE WHICH DECIDES ON LICENSES TO REDUCE REQUESTS OF NON-
USERS IN FAVOR OF USERS, PARTICULARLY WHEN APPLICATIONS EXCEED
QUOTA. WE WOULD ALSO POINT OUT THAT ANNUAL QUOTA WITH LICENSES
VALID FOR ONLY SIX MONTHS WOULD RESULT IN SUBSTANTIAL PERIOD
AT END OF YEAR WHEN NO LICENSES WERE AVAILABLE FOR IMPORTERS).

4. THERE IS ONE CAVEAT, WHICH CONCERNS CANNED PINEAPPLE. DREE
SAID THAT SINCE REQUESTS FOR LICENSES HAVE ALWAYS EXCEEDED
AVAILABLE QUOTA, AND QUOTA HAS USUALLY BEEN COMPLETELY USED, IF
USG SELECTS EITHER OPTION 1 OR 2, GOF INTENDS MAINTAIN CURRENT
ARRANGEMENTS FOR THIS PRODUCT TO ENSURE EQUITABLE DISTRIBUTION OF
LICENSES AMONGST TRADITIONAL IMPORTERS.

5. AFTER CONSIDERATION ADVANTAGES EACH ALTERNATIVE, WE RECOMMEND
DISCARDING OPTION 2. HOWEVER, WE ARE UNABLE, ON BASIS OF
INFORMATION AVAILABLE TO US, TO MAKE RECOMMENDATION BETWEEN
REMAINING TWO CHOICES. WE HAVE DISCUSSED THESE ARRANGEMENTS IN
GREATER DETAIL IN TELCON WITH HALLQUIST (USDA).

6. IN EVENT WASHINGTON AGENCIES DECIDE ON OPTION 1, WE HAVE
ALREADY BEGUN SOUNDINGS WITH IMPORTERS HERE TO OBTAIN INFORMATION
ON BEST POSSIBLE PORTS OF ENTRY.

7. REQUEST INSTRUCTIONS AS SOON AS POSSIBLE.
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*** Current Classification *** LIMITED OFFICIAL USE

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